

## Message Text

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ACTION AF-18

INFO OCT-01 ARA-16 ISO-00 IO-14 NEA-11 EUR-25 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 SAM-01 AID-20 EB-11

FEA-02 SCI-06 INT-08 OMB-01 TRSE-00 COME-00 DRC-01

/212 W

----- 005400

R 300937Z JAN 74

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 2587

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY BRAZILIA

AMEMBASSY CARACAS

AMEMBASSY FREETOWN

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY NASSAU

AMEMBASSY PARIS

AMEMBASSY PORT

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USMISSION USUN NEW YORK

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E.O. 116524

TAGS: ENRG, PFOR, NI

SUBJECT: ENERGY: FMG POLICY ON OIL FOR LDCS

SUMMARY: BASED ON CONVERSATIONS WITH SENIOR MEA OFFICIALS,

WE HAVE IMPRESSION NIGERIANS SOMEWHAT RELIEVED THAT

ARAB OIL PRODUCERS REFUSED TWO-TIER PRICING SYSTEM

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IN COURSE CAIRO MEETING WITH OAU COMMITTEE OF SEVEN

(ADDIS ABABA 471), AND DETERMINED CONTINUE TO REFUSE  
PRICE CONCESSIONS ON OWN CRUDE OIL SALES TO LDCS.  
END SUMMARY

1. IN DISCUSSING CALL BY AOU SYG EKANGAKI ON GOWON  
JANUARY 24 IN WAKE CAIRO MEETING BETWEEN ARAB OIL PRODUCERS  
AND OAU COMMITTEE OF SEVEN, SENIOR MEA OFFICIAL OBSERRUD  
THAT EKANGAKI'S REPORT TO GOWON WAS ESSENTIALLY ALONG  
LINES OF HIS REMARKS TO PRESS -- ARABS WILL GUARANTEE OIL  
SUPPLIES TO AFRICAN STATES, BUT WILL OFFER NO CONCESSIONS  
ON PRICE BEYOND SPECIAL FINANCING FACILITIES.

2. COMMENTING ON CAIRO SESSIONS, TWO SENIOR MEA OFFICIALS  
SEPARATELY GAVE IMPRESSION THAT THEY WERE NOT DISPLEASED  
AT RESULTS OF MEETING, DESPITE DIFFICULTIES WHICH HIGHER  
OIL PRICES WOULD POSE FOR NUMBER OF AFRICAN STATES. IN  
THEIR VIEW, ARAB REFUSAL TO INSTITUTE TWO-TIER PRICING  
SYSTEM TO REDUCE CRUDE OIL PRICE FOR LDCS JUSTIFIES SIMILAR  
STANCE ADOPTED BY FMG. BOTH MEN ARGUED THAT NIGERIA IS  
SMALL POTATOES AMONG OIL PRODUCERS AND COULD NOT BE  
EXPECTED TO INSTITUTE TWO-TIER PRICING SYSTEM WHEN TOP  
ARAB OIL-PRODUCING STATES WERE UNWILLING TO DO SO. FMG,  
THEY CONTENTED, HAS OBLIGATIONS BOTH TO COMPANIES NOW  
OPERATING IN NIGERIA AND TO OTHER OPEC STATES, AND BESIDES  
HAS NEED OF ALL REVENUES IT CAN GENERATE FOR OWN DOMESTIC  
DEVELOPMENT.

3. NEITHER SOURCE WOULD ADMIT TO ANY EMBARRASSMENT IN  
DEALINGS WITH OTHER LDCS WHO HAVE BEEN SENDING REPRESENTATIVES  
TO LAGOS IN SEARCH OF OIL DEALS. DESPITE CHIDING FROM  
JANUARY 29 OBSERVER ABOUT FMG'S FAILURE BE MORE  
CHARITABLE TOWARD "LESS FORTUNATE BROTHERS", MEA SOURCES  
SIMPLY REITERATED THAT NIGERIA DOES NOT HAVE WHEREWITHAL  
TO SOLVE ENERGY PROBLEMS OF UNDERDEVELOPED WORLD ON ITS  
OWN. ONE OF SOURCES OBSERVED THAT HE HAD JUST COME FROM  
MEETING WITH MINES AND POWER PERMSEC ASIODU, AND THAT  
LATTER ALSO SHARED THIS VIEW.

4. COMMENT: AS GHANA (SPETEL) AND OTHER WEST AFRICAN  
STATES HAVE LEARNED IN RECENT MONTHS, NIGERIANS HAVE BEEN  
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TAKING "BUSINESS IS BUSINESS" LINE ON SALE PRICE FOR  
THEIR CRUDE OIL AND HAVE REFUSED PRICE CONCESSIONS EVEN  
TO NOMINAL BEST FRIENDS. DESPITE LIKELIHOOD THAT FMG  
WILL BE UNABLE EFFECTIVELY UTILIZE ALL ITS WINDFALL  
REVENUES IN 1974, NIGERIANS APPEAR DETERMINED HOLD TO  
THIS LINE IN ABSENCE CONCERTED AF PRESSURE FOR CHANGE.  
CROSBY

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 JAN 1974  
**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Disposition Remarks:**  
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**TAGS:** ENRG, PFOR, NI  
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